

ONE HUNDRED FOURTH LEGISLATURE - FIRST SESSION - 2015
COMMITTEE STATEMENT
LB468

Hearing Date: Wednesday February 11, 2015
Committee On: Nebraska Retirement Systems
Introducer: Nordquist
One Liner: Change benefit and contribution provisions relating to judges retirement

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 6 Senators Davis, Groene, Kolowski, Kolterman, Mello, Nordquist
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:
Senator Jeremy Nordquist

Representing:
Introducer

Opponents:

Representing:

Neutral:
Mike Heavican
Steve Burns
Orron Hill

Representing:
Nebraska Supreme Court
District Court Judges Association
Nebraska Public Employees Retirement Systems

Summary of purpose and/or changes:

LB 468 creates a reduced tier of benefits for new judges who become members on and after July 1, 2015. The maximum cost-of-living adjustment (COLA) for new members will be 1% and the final compensation will be averaged over five years. The bill includes a provision that allows the Public Employees Retirement Board (PERB) to grant a supplemental COLA up to 1.5% for new members if the plan is fully funded.

The contribution rate for judges who become members on and after July 1, 2015 will not decrease after 20 years.

Explanation of amendments:

AM1172 increases the contribution rate to ten percent for judges who become members on and after July 1, 2015. It re-directs specific county court fees to the Judges Retirement Fund that are currently deposited into the State General Fund. Beginning July 1, 2015, two dollars each from civil, criminal, traffic and probate case docket fees are directed to the Judges Retirement Fund. Beginning July 1, 2017, three dollars each from civil, criminal, traffic and probate case docket fees are directed to the Judges Retirement Fund.

Beginning October 1, 2015, a six dollar fee is assessed on each participant in adult and traffic pre-trial division programs and the fee is directed to the Judges Retirement Fund. On July 1, 2015, each county and city attorney who has established a pre-trial diversion program is directed to inform the director of the Nebraska Public Employees Retirement

System about which pre-trial diversion programs have been established. City and county attorneys are directed to inform the director within sixty days of the establishment of any new pre-trial diversion programs. The county or city treasurer is directed to forward revenue collected from pre-trial diversion participants to the Public Employees Retirement System. The Nebraska Public Employees Retirement System director must separately account for fees received from pre-trial diversion programs.

Section-by-Section

Section 1. [amends 24-701] amends definition of "final average salary". The salary of new judges hired on and after July 1, 2015 will be averaged over 5 years rather than 3 years when calculating retirement benefit

Section 2. [amends 24-701.01] adds sections 5 and 6 to the Judges Retirement Act

Section 3. [amends 24-703] (2)(a) Judges hired prior to July 1, 2004 who did not elect joint and survivor benefit will continue to contribute 7% for 20 years and then 1% thereafter;

(2)(b) Judges hired prior to July 1, 2004 who elected joint and survivor benefit and those hired after July 1, 2004 and prior to July 1, 2015 will continue to contribute 9% for 20 years and then 5% thereafter;

(2)(d) Judges hired on and after 2015 will contribute 10% with no decrease in contribution after 20 years;

(3)(b) Beginning October 1, 2015, a \$6 fee will be assessed on each participant in an adult or traffic pre-trial diversion program; the county or city treasurer is required to remit fees and submit information to the Nebraska Public Employees Retirement System (NPERS); beginning July 1, 2015 each county or city attorney who has established a pre-trial diversion program in his or her respective county or city is required to inform the NPERS director in writing that such program is in place; the NPERS director must separately account for fees received from pre-trial diversion programs

Section 4. [amends 24-710.13] Judges hired prior to July 1, 2015 will receive maximum 2.5% cost-of-living-adjustment (COLA); strikes obsolete accrual rate language

Section 5. [new section] Judges hired on and after July 1, 2015 receive maximum 1% COLA

Section 6. [new section] (1) Beginning July 1, 2015, judges hired on and after that date are eligible to receive a maximum 1.5% supplemental lump sum COLA at the discretion of the Public Employees Retirement Board (PERB); the COLA may only be granted if plan is fully funded (100% funded) based on the plan year's actuarial valuation; the supplemental COLA may not be awarded if it would cause the plan to be less than 100% funded; the COLA must be paid within 60 days of the PERB decision;

(2) fully funded is defined for purposes of this section;

(3) decision by PERB to award or not to award a supplemental COLA may not be challenged by a member

Section 7. [amends 29-3602] Beginning July 1, 2015 county and city attorneys are required to notify the NPERS director in writing within 60 days of establishing new or additional adult and traffic pre-trial diversion programs

Section 8. [amends 29-3606] In addition to fees assessed to cover the cost of traffic pre-trial diversion programs, participants must also pay a \$6 fee which is directed to the Judges Retirement Fund and may not be retained by the county or city for administrative costs

Section 9. [amends 33-123] Beginning July 1, 2015, redirects \$2 of the civil case docket fee from the State General Fund to the Judges Retirement Fund; beginning July 1, 2017 redirects \$3 of the civil docket fee from the State General Fund to the Judges Retirement Fund

Section 10. [amends 33-124] Beginning July 1, 2015, redirects \$2 of the criminal case docket fee from the State General Fund to the Judges Retirement Fund; beginning July 1, 2017 redirects \$3 of the civil docket fee to the Judges Retirement Fund

Section 11. [amends 33-125] Beginning July 1, 2015, redirects \$2 of the formal and informal probate case docket fees from the State General Fund to the Judges Retirement Fund; beginning July 1, 2017 redirects \$3 of the of the formal and informal probate case docket fees from the State General Fund to the Judges Retirement Fund

Jeremy Nordquist, Chairperson